The Benefits of Labor-Management Partnerships

The Call for Collaboration

In today's challenging economic times, there is an increasing awareness that employees, unions, and employers all stand to benefit from working in partnership. Through labor-management partnerships, historically adversarial workplace relationships are transformed into collaborative relationships. Labor-management partnerships have the potential to improve company operations, enhance worker satisfaction, and strengthen union legitimacy. Ultimately, the labor-management partnership strategy takes into account the fact that all parties – employees, unions, and employers alike – have an interest at stake in determining whether a company succeeds or fails.

Numerous researchers have studied the extensive outcomes of labor-management partnerships. Across various industries, this research highlights the specific ways in which labor-management partnerships generate tangible benefits for employees, unions, and employers. The rich body of literature examining labor-management partnerships reveals that the advantages of engaging in this type of cooperative arrangement far outweigh the costs.

This brief outlines nearly twenty studies that assess the impact of labor-management partnerships. It first describes several cases of labor-management partnerships that have taken root across multiple industries, and then follows with a summary of the resulting benefits.

Labor-Management Partnerships

Healthcare Partnerships

- Lazes et al presents case studies of four hospitals engaged in labor-management initiatives, including unit-based teams at Kaiser Permanente’s San Rafael and San Diego hospitals in California, the model unit process at Fletcher Allen Health Care in Burlington, Vermont, and the Care Management Company at Montefiore Medical Center in the Bronx, New York. The authors identify four general areas in which labor-management partnerships can lead to positive outcomes: clinical processes, workplace environment, labor relations, and cost savings (Lazes et al, 2012).

- Known as “the HMO that labor built,” Kaiser Permanente established a partnership agreement with over two-dozen unions in 1995. Eaton et al analyze Kaiser’s LMP during its first five years. In the first five years, the partnership implemented fifty projects across various sites with the intent to: improve the quality of care and patient satisfaction; enhance workers’ voice in decision-making, workplace satisfaction, and employment security; and make the organization more competitive by modernizing the delivery of medical care (Eaton et al, 2003).

- In 2005, Kaiser Permanente and the Coalition of Kaiser Permanente Unions signed a national agreement that mandated the establishment of labor-management unit-based teams in all natural work units by 2010. The 2005 National Agreement envisioned UBTs as workgroups of physicians, managers, and frontline employees who work collaboratively to solve problems and improve performance. Eaton et al investigate workgroups that had a history of poor to mediocre performance, but were able to make substantial improvements since the implementation of UBTs. As such, the teams under review are identified as “high-performing” (Eaton et al, 2011).
Porter describes a labor-management partnership implemented at New York City’s Mount Sinai Hospital – a major teaching hospital with Magnet designation for nursing excellence. Mount Sinai presents a unique case because among the 6 percent of US hospitals that have achieved Magnet designation, only 13 percent have unionized nurses on staff. Mount Sinai’s LMP committee met monthly to discuss how to work together for improved outcomes in patient care, staff satisfaction, staff engagement, work environment, and organizational performance (Porter, 2010).

Compelled by a belief that the future of the nursing home industry would depend on high-quality residential facilities that were more “like home,” leaders of 1199SEIU and an association of nonprofit New York area long-term care providers cultivated a partnership to foster person-centered care in 2002. Leutz et al conduct case studies of two of the nursing homes participating in this labor-management partnership to understand the extent to which workplace culture benefitted from these changes (Leutz et al, 2010).

Over a decade ago, Maimonides Medical Center in Brooklyn developed a labor-management partnership, which functions through committees formed across various units of the hospital. In 2003, several partnership leaders decided that a Code of Mutual Respect should be implemented in the operating room to reduce conflict and disruptive behavior. In 2004, the code was expanded to all hospital areas. This code and its related mediation processes have contributed to reduced conflicts and the development of positive relationships throughout Maimonides (Givan, 2011).

Manufacturing & Construction Partnerships

Saturn, a U.S. vehicle manufacturer, was founded as an experiment in partnership between General Motors (GM) and the United Auto Workers (UAW) union. Union representatives participated in managing the company on all levels, including 700 autonomous work groups and an extended system of co-management. The UAW local played a critical role in Saturn’s performance by organizing workers into a network that contributed to problem solving, conflict resolution, and quality improvement. Ultimately, Saturn valued employees’ skills and knowledge and treated them as influential stakeholders (Kochan and Rubenstein, 2000).

A Major Projects Agreement (MPA), an arrangement that includes trade unions as partners in strategic, organizational, and employment decisions on large engineering projects, was implemented in the construction of Heathrow Terminal 5 (T5). The terminal opened in 2008, after 19 years of planning and construction. In this partnership, employees were involved in decision-making from the project’s inception, all suppliers worked under a single contract, and incentives were created to encourage collaborative approaches to problem-solving (Deakin and Koukiadaki, 2009).

A two-year study of a close labor-management partnership at the Tool Factory – a Norwegian manufacturing company, revealed important partnership approaches, including: a joint committee with two managers and two union representatives; a union that played an informal role as a human resources manager and worked towards the organization’s development; and a shop steward who took part in ongoing decisions by attending weekly meetings with the management group and actively worked to implement decisions (Rolfsen, 2011).

A study of WC, a British company that produces high-quality crystal, documented a shift from an adversarial employer/labor relationship to a collaborative approach in order to avert company closure. The shift focused on strategies to improve production and quality. New partnership practices included: management–union cooperative structures, greater information sharing and consultation, investment in training, a re-vamped profit sharing scheme, and the establishment of two-way communications processes (Dobbins and Gunnigle, 2009).

AAL is an alumina refinery producing 1.5 million tons annually. Since the mid-1980s, AAL’s workforce had been cut almost in half. This left approximately seventy percent of the remaining employees (electrical technicians, fitters, and operators) represented by various trade unions. Due to threats by external
competitive factors, AAL’s management cultivated collaborative relationships with the unions. They adopted mutual gains practices such as semiautonomous teamwork, an informal management–union partnership, annualized hours, gain sharing, two-way communications, single status, training, and an employment security clause (Dobbins and Gunnigle, 2009).

- In response to concerns about increased competition from the nonunionized electrical contracting sector, the leadership of the International Brotherhood of Electrical Workers (IBEW) encouraged the development of labor-management partnerships and called for increased productivity from its rank and file members in 2005 (Balser & Winkler, 2012).
- In the first chapter of his book on labor-management partnerships in the US manufacturing industry, Cooke provides an overview of the early literature on partnership approaches. His literature review outlines a wide range of benefits to employees, employers, and unions (Cooke, 1990).

**Workforce Development & Education Partnerships**

- Established in 1974, District 1199C Training & Upgrading Fund works to provide a highly-skilled workforce to healthcare and human service employers in Philadelphia and the Delaware Valley region. A true demonstration of partnership - more than fifty employers in the region contribute 1.5 percent of gross payroll annually towards the fund’s operations. In FY 2009, the fund served 17,856 individuals, providing training in nursing, allied health, behavioral health, and computer technology. Approximately half of the students are union members and half are community residents, including laid-off workers and welfare recipients. This partnership strategy offers a model of regional economic development (Uhalde, 2011).
- Founded in the 1990s with the goal of revitalizing the region’s industrial base, the Wisconsin Regional Training Partnership (WRTP) is an association of employers and unions that works to retain and attract high-wage jobs in Milwaukee and create career opportunities for low-income and unemployed community residents. WRTP members form sector-specific committees comprised of labor and management leaders in the construction, manufacturing, and healthcare industries. Each labor-management committee develops training that meets identified labor market needs and locates quality jobs for program participants within those industries (Maguire, 2010).
- Rubinstein and McCarthy (2010) consider how creating partnership strategies can improve public school systems by exploring the cases of six school districts across the nation that were identified by the American Federation of Teachers (AFT) as having lengthy track records of union-management partnership. These districts institutionalized long-term collaborative partnerships between administrators and local teachers’ unions to address important issues, such as curriculum development, scheduling, budgeting, strategic planning, hiring, subject articulation, interdisciplinary integration, mentoring, professional development, and evaluation (Rubinstein and McCarthy, 2010).

**International Partnerships**

- Palacios-Valladares investigates the membership trajectories of 26 unions in two Chilean firms between 1990 and 2004 to understand why certain unions were able to defy the trend of declining membership density in a context of significant job losses, rising work demands, and weakened institutional and political support for unions. The author finds that the unions that experienced the most favorable membership outcomes over the fourteen year study period were those that, at critical junctures of firm restructuring, earliest and most aggressively established a partnership relationship with management (Palacios-Valladares, 2010).
- Ten years from the signing of a national collective bargaining framework agreement in Ireland, Geary seeks to understand the extent to which labor-management partnerships have taken root in the Irish workplace and the degree to which have they been perceived by union members to benefit their interests and their unions.
Geary’s study, which draws on a telephone survey of more than five thousand employees in Ireland, indicates that employees, unions, and employers benefit from partnership arrangements (Geary, 2008).

- This article uses data collected in a survey of 3,500 employees in the Republic of Ireland to assess the effects of workplace partnerships on outcomes relevant to employers, employees and trade unions. Roche finds that mutual gains are associated with partnership (Roche, 2009).

**Benefits to Employees and Unions**

*Improved Employee Engagement and Satisfaction*

- The most common and important gain cited among nursing homes frontline workers (i.e., housekeeping, food service, CNAs, and registered nurses) was the opportunity to better serve residents through person-centered care, which enabled them to find greater satisfaction in their jobs (Leutz et al, 2010).

- Lazes et al (2012) conclude that the labor-management partnerships in the highlighted case studies fostered workplaces where front-line staff and managers felt more comfortable discussing their perceptions of how processes should be improved on their units.

- Rolfsen’s (2011) study of the Tool Factory in Norway showed that workers voted to support the labor-management partnership for over fifteen years because they received more information and were given influence over the company’s future. They also enjoyed an egalitarian culture, where management ate in the same cafeteria with workers, and everyone received free coffee. These factors contributed to high employee engagement and satisfaction (Rolfsen, 2011).

- At AAL, unions gained input into strategic decision-making and workers reported feeling very satisfied with the increased teamwork. Employees also said relations with managers had improved and that they found their jobs to be more interesting (Dobbins and Gunnigle, 2009).

- The study of labor-management partnerships across six US school districts found very low levels of voluntary teacher turnover due to increased satisfaction (Rubinstein and McCarthy, 2010).

- Team members of the high-performing UBTs studied at Kaiser Permanente described an increased ability to see the connection between their jobs and the overall goals of the organization. Furthermore, as team members worked together to become a high-performing team, they gradually developed feelings of team cohesion (Eaton et al, 2011).

- A majority of union members in Ireland indicated that partnership had positive effects on work conditions and job satisfaction (Geary, 2008).

- Roche’s (2009) survey of Irish employees engaged in labor-management partnerships found that employees benefitted from increased work autonomy, information provision, job satisfaction, and fairness. Furthermore, partnerships were neither more nor less likely to lead to increased responsibilities or work-related stress (Roche, 2009).

- In the New York area nursing homes that implemented patient-centered care, frontline workers were more cooperative with one another and were more willing to pitch in and contribute their ideas for process improvements (Leutz et al, 2010).

- The Maimonides labor-management partnership implemented changes that integrated staff in hospital hiring decisions (Givan, 2011).

- Cooke’s review of the early literature on labor-management partnerships finds that employees benefit from increased intrinsic rewards from the participation or involvement process, greater say in how work gets accomplished, and heightened dignity, self-esteem, and pride in work (Cooke, 1990).
Increased Wages, Job Security, and Benefits

- Rolfsen’s study of the Tool Factory in Norway documented extended financial benefits to union members. Additionally, the company took an egalitarian approach to distributing bonuses when the company performed well financially (Rolfsen, 2011).
- At AAL, workers benefitted from increased employment security, pay, and annualized hours (Dobbins and Gunnigle, 2009).
- WC employees benefited from a new profit-sharing scheme (Dobbins and Gunnigle, 2009).
- WRTP’s labor-management training program participants earned substantially more than control group members (24 percent higher), were more likely to find jobs that paid at least $11 an hour, and were more likely to work in jobs that offered benefits and union membership. Furthermore, African American and female participants earned significantly more than their counterpart controls (18 percent and 30 percent higher, respectively), and formerly incarcerated program participants earned 44 percent more than their counterpart controls (Maguire et al, 2010).
- The Chilean unions that developed close partnerships with management enhanced their ability to protect members from job losses and negotiate higher wages (Palacios-Valladares, 2010).
- A majority of union members in Ireland indicated that partnership had positive effects on pay and employment security (Geary, 2008).
- Cooke’s literature review finds that employees benefit from enhanced financial rewards and performance incentives (Cooke, 1990).

Increased Access to Education and Training

- WRTP’s labor-management training program participants were more likely than control groups to earn certifications in healthcare and constructions (Maguire et al, 2010).
- WC in Great Britain’s approach to partnership led to greater access to training and education for union members (Dobbins and Gunnigle, 2009).
- At AAL, workers benefitted from increased training (Dobbins and Gunnigle, 2009).
- As a result of the training partnership between District 1199C Training & Upgrading Fund and regional health care employers, thousands of employees advanced their careers and hundreds of low-income community residents secured new jobs (Uhalde, 2011).

Improved Safety and Work Environment

- Lazes et al (2012) find that the partnerships at San Rafael Medical Center led to zero work-related injuries in 2010, and only two in the first five months of 2011. Partnership also improved the work environment at San Rafael, as overhead pages reduced from 450 per month to 422 per year.
- Cooke’s literature review finds that employees benefit from improved working conditions, reduced grievances, quicker resolution of problems, and improved relationships with supervisors (Cooke, 1990).

Expanded Union Legitimacy and Recruitment

- The Chilean unions that engaged in labor-management partnerships gained a monopoly over firm-level bargaining arrangements and enhanced their ability to reach quicker solutions to workplace problems. They also gained a recruiting edge. Workers looked to join unions in partnerships because they gave them the appearance of being good “team players,” which increased their opportunities for long-term employment
and career advancement. On the other hand, workers largely abandoned unions that maintained adversarial relations with management – leaving those unions weak and ineffective (Palacios-Valladares, 2010).

- Unions in Ireland benefitted from expanded membership, deepened member commitment, and increased influence with management (Roche, 2009).

- Cooke’s review of the literature on labor-management partnerships finds that unions benefit from increased recognition from members for improvements, greater participation and input in management decisions, improved communications with managers, reduced day-to-day contract administration problems, and greater membership input into union activities and policies (Cooke, 1990).

**Benefits to Employers and Management**

*Increased Efficiency, Productivity, and Profits*

- The case studies highlighted by Lazes et al (2012) demonstrate that labor-management partnerships can have an impact on the expenditures of a single unit, and the bottom line of an entire hospital. Specific savings that resulted from joint work at the studied sites included:
  - $51,000 reduction in overtime wages
  - Reduced staff turnover rate from 14 percent in 2008 to 3.9 percent in 2010
  - Reduced cost per communication contact from $7.62 in 2004 to $4.06 in 2010
  - Reduced nursing staff turnover and traveling nurse hires

- Saturn’s assembly productivity ranked number one or two among all GM plants from 1994 through 1996 and maintained a productivity level slightly above the median GM plant, even as volume levels declined and employees were not laid off. Between 1992 and 1996, Saturn achieved higher per vehicle operating profits than GM’s other small car divisions. Lastly, Saturn was able to return profits to GM shareholders (Kochan and Rubenstein, 2000).

- Authors studying the T5 construction concluded that if T5 had followed the industry norm for construction of ‘megaprojects,’ it would have been approximately two years late, over budget by a billion pounds, and would have involved the deaths of six workers. But the partnership approach meant suppliers were able to invest in people, innovation, research and development, and equipment, leading to increased productivity, improved predictability, and below-industry accident statistics (Deakin and Koukiadaki, 2009).

- The Tool Factory in Norway grew both in its numbers of employees and in its annual sales during the company’s fifteen years of close partnership (Rolfsen, 2011).

- The British company, WC, recorded notable gains, including greater workforce effort, increased productivity, lower costs, lower conflict (no major strike since 1990), reduced accident claims (down from 60 accident claims per year before 1993 to less than 10 after 1993), less absenteeism (down from 7.5 per cent in 1993 to an average of 3 to 5 percent), and increased profits (Dobbins and Gunnigle, 2009).

- As a result of AAL’s partnership, management benefited from greater legitimacy, increased productivity, worker innovation, lower costs, less conflict, reduced accidents, and less absenteeism. Also, a new reward structure created incentives for getting work done in less time; thus overtime was eradicated, leading to cost reductions and a more stable annual labor budget (Dobbins and Gunnigle, 2009).

- In its first five years, Kaiser Permanente’s Labor Management Partnership generated several system-wide benefits, including cost savings, performance improvements, and the opening of new facility in record time and under budget (Eaton et al, 2003).

- Facing increased external competition, unionized electrical workers heeded the IBEW president’s call for labor-management partnership, improved their productivity, adhered to prescribed times, and increased focus on critical tasks (Balser & Winkler, 2012).
Cooke’s review of the early literature on labor-management partnerships finds that employers benefit from increased productivity and efficiency, enhanced supplier service, reduced waste and rework, and reduced overhead, materials costs, and material handling costs (Cooke, 1990).

**Enhanced Quality**

- Lazes et al’s (2012) healthcare case studies documented that as a result of engaging in initiatives to make clinical processes more efficient, patient-centered, and cost-effective, the sites achieved:
  - A significant increase in the number of referred home care patients (from 44 percent in January 2010 to 83 percent in November 2010)
  - A fall rate that decreased from three falls per 1,000 patient days in 2010 to two falls per 1,000 patient days in January and February 2011
  - Achievement of a 45-minute stroke alert test result turnaround time benchmark
  - Introduction of multidisciplinary rounds

- The study of the British company, WC, documented improved product quality and innovation as a result of their labor-management partnership (Dobbins and Gunnigle, 2009).

- As a result of the collaboration between District 1199C Training & Upgrading Fund and regional health care providers, employers improved patient care, enhanced recruitment and retention efforts, and attracted a more diverse workforce (Uhalde, 2011).

- The study of labor-management partnerships across six US school districts found higher ratings of teacher quality, higher than average student achievement, and overall improved school performance (Rubinstein and McCarthy, 2010).

- The Maimonides labor-management partnership implemented changes that improved response times to patients’ bedside alarms and improved work processes in lab and pharmacy orders, enabling the hospital to discharge patients earlier in the day (Givan, 2011).

**Improved Staff Satisfaction and Retention**

- From 2005 to 2008, RN satisfaction improved from the moderate- to the high-satisfaction rating at Mount Sinai. Furthermore, the 2008 RN turnover was 6.8 percent, which was a decrease from 9.9 percent in 2005. Lastly, Mount Sinai’s RN agency use in 2009 was only 3.0 full-time equivalents (FTEs) for the entire hospital (reduced from 37.3 FTEs in 2005), which represents a significant cost savings (Porter, 2010).

- A majority of workers in Ireland expressed increased job satisfaction as a result of the partnership arrangements established (Geary, 2008).

- In Ireland, employers benefit from partnerships with respect to employees’ satisfaction and commitment and the resulting quality of workplace relations (Roche, 2009).

- Cooke’s review of the literature on labor-management partnerships finds that employers benefit from improved communications with employees, improved relationships with employees, reduced grievances and disciplinary action, stronger employee identification with and commitment to company goals, and reduced employee absenteeism, tardiness, and turnover (Cooke, 1990).

**Benefits to Labor/Management Relations**

- Lazes et al (2012) concluded that labor-management partnerships helped cultivate interactions between management, front-line staff, and labor unions that were collaborative rather than adversarial. Improved labor relations were reflected in the following outcomes:
  - Creation of a non-punitive promotional strategy and career ladder
- New nursing staffing ratios that were developed by nurses and nurse managers
- Embracing partnership as “the way things work” at all levels of the organization

- WC in Great Britain invested in improved communications, information sharing, and employee consultation. This led to better relations between workers and managers (Dobbins and Gunnigle, 2009).

- In the adversarial, pre-partnership period at AAL, there were up to 150 grievances per year, whereas now there are only three or four (Dobbins and Gunnigle, 2009).

- In its first five years, Kaiser Permanente’s Labor Management Partnership generated several mutual benefits, including: the training of more than four hundred management and union leaders in the areas of joint problem solving, interest-based negotiations, and partnership principles; the creation and implementation of a joint governance structure and complementary processes; and the use of interest-based problem solving to reach an agreement on the reorganization and improvement of a major facility, which ultimately saved it from closing (Eaton et al, 2003).

- According to members of Kaiser’s newly-improved, high-performing teams, “great” management and labor leadership emerged as a result of the creation of UBTs. This improvement in leadership was evidenced by the: improved sharing of information from management; demonstrated commitment to genuine partnership from management; creation of true joint leadership between labor leads and management; and transformed leadership style from “managing” to “coaching” (Eaton et al, 2011).

- A Mount Sinai nurse who was involved in the hospital’s Labor Management Partnership stated, “By working side by side in quality initiatives, we built stronger relationships and developed trust...When a patient care issue was identified or a nursing practice concern was brought to the attention of the NLMP, both partners shared all perspectives of the issues and agreed to work together to improve patient care and nursing practice” (Porter, 2010).

- The partnership between labor and management in two New York area nursing homes fostered improved relations. A CNA from one nursing home stated, “They [management] respect us more now. Some of the residents won’t take their meds but I know them, I know how to get them to do it. So now the nurses will listen to us. Before (PCC) they wouldn’t have” (Leutz et al, 2010, 344). A union organizer at the other nursing home reported, “[We now have] a ‘safe space’ . . . which is promoted and protected by my top leadership and management top leadership. So if I have a concern, my concern will be looked at because there’s a relationship that people really take seriously and people are willing to fight to protect.”

- Maimonides’ evaluation data shows that after training, the number of staff who reported “when I see someone violating the Code of Mutual Respect, I speak up” increased almost twenty percentage points. This collaborative effort also helped to transform labor strife into positive labor-management relations, change the hospital culture to emphasize mutual respect over hierarchy and power, improve staff communication, and establish an informal dispute resolution process to address interpersonal conflict (Givan, 2011).

**The Bottom Line**

Labor-management partnerships are market-sensitive strategies that encourage employers and labor unions to develop mutually-beneficial values and practices. As outlined above, numerous studies illustrate the fact that employers, employees, and unions all stand to reap substantial benefits from cooperation in the workplace.

Employees gain from greater satisfaction with their work, deepened engagement on the job, more harmonious work environments, improved wages and benefits, increased access to education and training, and improved job security. Unions benefit from increased influence with management, deepened member commitment, and expanded membership growth. Employers benefit from increased efficiency, improved productivity, better profits, superior quality of services, and improved staff satisfaction and retention. Lastly, labor-management strategies cultivate positive changes in workplace culture and improve the overall climate of labor and management relations.
This extensive list of benefits to employees, unions, and employers clearly demonstrates that labor-management partnerships generate win-win scenarios for all stakeholders involved. Labor-management partnerships are, therefore, worthwhile investments of unions’ and employers’ time and resources.

**References**


